

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



(Stock Code: 2328)

## **CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENT ON PURCHASES OF LIFE INSURANCE PRODUCTS**

On 5 December 2013, the Company and PICC Life entered into the Framework Agreement in respect of the Company's purchases of life insurance products, mainly group annuity insurance and other life insurance products, from PICC Life for the employees of the Company.

Pursuant to the relevant provisions of the Listing Rules, the Purchases of Life Insurance Products Transaction constitutes a continuing connected transaction of the Company. As none of the applicable percentage ratios exceeds the 5% threshold under Rule 14A.34 of the Listing Rules, the Transaction is only subject to the reporting, annual review and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

Reference is made to the announcement of the Company dated 12 March 2013, the headquarters and several branches of the Company successively purchased life insurance products from PICC Life for the employees of the Company in 2012. The Company expects that the headquarters and branches of the Company will continue to purchase life insurance products from PICC Life for the employees of the Company for the period from 2013 to 2015. In order to regulate the transactions in respect of the purchases of life insurance products by the headquarters and branches of the Company from PICC Life, the Company and PICC Life entered into the Framework Agreement to ensure that such transactions are conducted in the framework provided in the Agreement. From 1 January 2013 to 4 December 2013, none of the applicable percentage ratios for the premiums and management fees in aggregate paid to PICC Life for the purchases of life insurance products by the Company exceeded the 0.1% threshold under Rule 14A.33 of the Listing Rules.

### **THE FRAMEWORK AGREEMENT**

#### **1. Date**

5 December 2013

#### **2. Parties**

- (1) the Company; and
- (2) PICC Life.

The Company is principally engaged in property insurance, accidental injury insurance, short-term health insurance and the related reinsurance business, and the business of investment and fund application in the PRC.

PICC Life is principally engaged in life insurance, health insurance, accidental injury insurance and the related reinsurance business, and the business of insurance fund application in the PRC.

### **3. Description**

Pursuant to the Framework Agreement, the headquarters and the provincial branches of the Company may enter into purchase contracts with PICC Life and its branches for the purchases of group annuity insurance and other life insurance products. The premiums, management fee, etc. and the relevant conditions (including payment terms) for each individual purchase contract shall be determined after arm's length negotiation between the headquarters or the provincial branches of the Company and PICC Life or its branches by reference to the market level. The terms of such contract shall not be less favourable than those offered to any third parties by PICC Life. The premiums and management fees shall be payable in cash with the payment amounts and dates according to the payment terms agreed by both parties when entering into the above purchase contracts. The Framework Agreement is for a term of three years commencing from 1 January 2013 and expiring on 31 December 2015.

Entering into the Framework Agreement by the Company with PICC Life will not affect the discretion of the Company and its provincial branches to choose other insurance companies for purchases of life insurance products.

### **CAPAMOUNTS**

The annual cap for the premiums and management fees in aggregate paid by the Company to PICC Life for the Purchases of Life Insurance Products Transaction is of the same amount of RMB500 million for each of the years ending 31 December 2013, 2014 and 2015.

The above annual caps for premiums and management fees are set primarily based on the purchases of life insurance products by the Company's headquarters and provincial branches from PICC Life in 2012 as well as the expected purchases of life insurance products by the Company's headquarters and provincial branches from PICC Life within the term of the Framework Agreement.

### **HISTORICAL FIGURES**

The premiums and management fees in aggregate paid to PICC Life for the purchases of life insurance products by the Company for the years ended 31 December 2011 and 2012 were RMB35 million and RMB255 million, respectively. From 1 January 2013 to 4 December 2013, the premiums and management fees in aggregate paid to PICC Life for the purchases of life insurance products by the Company was approximately RMB72.99 million.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

For the purposes of further improving the retirement pension protection system and to realise long-term incentives for its employees and subject to the compliance with the relevant policies, the Company needs to purchase group annuity insurance and other life insurance products for its employees. PICC Life is principally engaged in life insurance business and ranked No.5 among life insurance companies in the PRC in terms of direct premium income in 2012. The Company is of the view that the relevant products of PICC Life satisfy the

requirements of the Company and therefore will purchase insurance products from PICC Life for the employees of the Company. The Board, including the independent non-executive Directors, is of the view that the transactions under the Agreement will be conducted on normal commercial terms, the terms of the Agreement and the proposed annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

PICC Life is a non-wholly owned subsidiary of PICC Group, the Company's controlling shareholder. PICC Group holds approximately 69% of the issued share capital of the Company and directly holds approximately 71% of the issued share capital of PICC Life. Pursuant to the Listing Rules, PICC Life is a connected person of the Company. Accordingly, the Transaction constitutes a continuing connected transaction of the Company. As Mr. Wu Yan, a Director, holds positions in PICC Group and PICC Life, and Mr. Wang Yincheng, Mr. Zhou Shurui, Ms. Yu Xiaoping and Mr. Li Tao, Directors, hold positions in PICC Group, all of them have abstained from voting on the board resolution for considering and approving the Agreement. Save as disclosed above, no other Directors have abstained from voting on the board resolution for considering and approving the Transaction or are regarded as having a material interest in the Transaction. As none of the applicable percentage ratios exceeds the 5% threshold under Rule 14A.34 of the Listing Rules, the Transaction is only subject to the reporting, annual review and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Agreement” or “Framework Agreement”	the Framework Agreement on Purchases of Life Insurance Products dated 5 December 2013 entered into between the Company and PICC Life
“Board”	the board of directors of the Company
“Company”	PICC Property and Casualty Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on The Stock Exchange of Hong Kong Limited
“connected person”	has the meaning as defined in the Listing Rules
“Director(s)”	director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PICC Group”	The People's Insurance Company (Group) of China Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on The Stock Exchange of Hong Kong Limited
“PICC Life”	PICC Life Insurance Company Limited, a joint stock company established in the PRC with limited liability

“PRC” the People’s Republic of China

“RMB” Renminbi, the lawful currency of the PRC

“Transaction” or  
“Purchases of Life  
Insurance Products  
Transaction” the purchase(s) of life insurance and other products by the  
Company from PICC Life under the Framework Agreement

By Order of the Board  
**Zhang Xiaoli**  
*Secretary of the Board*

Beijing, the PRC, 5 December 2013

*On the date of this announcement, the Chairman of the Board is Mr. Wu Yan (executive director), the non-executive directors are Mr. Wang Yincheng, Mr. Zhou Shurui, Ms. Yu Xiaoping, Mr. Li Tao and Mr. Tse Sze-Wing, Edmund, Mr. Guo Shengchen and Mr. Wang He are executive directors and the independent non-executive directors are Mr. Luk Kin Yu, Peter, Mr. Ding Ningning, Mr. Liao Li and Mr. Lin Hanchuan.*